

Translation

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

Summary of Consolidated Financial Results for the Six Months Ended September 30, 2021 (Based on Japanese GAAP)

November 11, 2021

Company name: COPRO-HOLDINGS. Co., Ltd.
 Stock exchange listing: Tokyo, Nagoya
 Stock code: 7059 URL <https://www.copro-h.co.jp/>
 Representative: Chief Executive Office Kosuke Kiyokawa
 Inquiries: Managing Director Masahiko Saito TEL +81-52-589-3066
 Scheduled date to file Quarterly Securities Report: November 11, 2021
 Scheduled date to commence dividend payments: December 9, 2021
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the Six months ended September 30, 2021 (from April 1, 2021 to September 30, 2021)
(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2021	7,402	1.8	632	19.0	630	18.1	328	(18.9)
Six months ended September 30, 2020	7,271	17.8	531	(20.7)	534	(20.0)	404	(7.3)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended September 30, 2021	34.38		33.95	
Six months ended September 30, 2020	42.92		42.06	

(Note) On April 1, 2021, the Company conducted a two-for-one stock split of common stock. Earnings per share and Diluted earnings per share have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2021	8,439	6,245	73.8
As of March 31, 2021	8,514	6,272	73.7

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2021	–	20.00	–	55.00	75.00
Year ending March 31, 2022	–	10.00			
Year ending March 31, 2022 (Forecast)			–	30.00	40.00

(Note) 1. Revisions to the dividend forecasts announced most recently: No

2. On April 1, 2021, the Company conducted a two-for-one stock split of common stock. For the fiscal year ended March 31, 2021, the actual amounts of dividends prior to the stock split are presented. Dividends for the year ended March 31, 2022 (forecast) are stated in consideration of the impact of the stock split.

3. Forecast of consolidated financial results for the year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	16,943	14.2	1,655	15.1	1,657	15.1	1,077	6.7	112.76

(Note) 1.Revisions to the earnings forecasts announced most recently: No

2.Regarding the revision to the consolidated earnings forecast, please refer to the press release “Notice of Revisions to Earnings Forecasts” disclosed on August 11, 2021

4. Notes

(1) Changes in significant subsidiaries during the Six months ended September 30, 2021

Yes

(changes in specified subsidiaries resulting in the change in scope of consolidation):

New companies: 3 company (Company name) COPRO VIETNAM CO., LTD.

ATMOS CO.,LTD.

VALUE ARK CONSULTING CO.,LTD.

(2) Application of special accounting methods for preparing quarterly consolidated financial statements:

No

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of September 30, 2021	10,000,000 shares	As of March 31, 2021	10,000,000 shares
--------------------------	-------------------	----------------------	-------------------

Number of treasury shares at the end of the period

As of September 30, 2021	532,426 shares	As of March 31, 2021	446,334 shares
--------------------------	----------------	----------------------	----------------

Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended September 30, 2021	9,550,965 shares	Three months ended September 30, 2020	9,430,494 shares
---------------------------------------	------------------	---------------------------------------	------------------

(Note) On April 1, 2021, the Company conducted a two-for-one stock split of common stock. Total number of issued shares at the end of the period, Number of treasury shares at the end of the period and Average number of shares during the period have been calculated as if this stock split had taken place at the beginning of the previous fiscal year.

Quarterly consolidated financial statements

Consolidated balance sheets

(Thousands of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	5,320,538	3,694,974
Accounts receivable - trade	1,880,186	2,069,818
Electronically recorded monetary claims - operating	—	30,278
Other	207,297	298,740
Allowance for doubtful accounts	(435)	(1,144)
Total current assets	7,407,586	6,092,666
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	272,809	412,730
Construction in progress	28,270	—
Other, net	56,235	115,977
Total property, plant and equipment	357,315	528,707
Intangible assets		
Goodwill	—	885,344
Leased assets	7,776	368
Other	152,933	184,273
Total intangible assets	160,709	1,069,985
Investments and other assets		
Deferred tax assets	117,660	153,217
Other	471,072	595,311
Total investments and other assets	588,733	748,528
Total non-current assets	1,106,757	2,347,221
Total assets	8,514,344	8,439,888
Liabilities		
Current liabilities		
Current portion of bonds payable	70,000	—
Lease obligations	14,560	5,230
Accounts payable - other	1,130,440	1,316,775
Income taxes payable	158,746	236,992
Accrued consumption taxes	449,936	205,646
Provision for bonuses	52,661	73,799
Asset retirement obligations	28,169	7,844
Other	258,476	220,517
Total current liabilities	2,162,989	2,066,806
Non-current liabilities		
Lease obligations	4,464	2,713
Retirement benefit liability	—	21,747
Asset retirement obligations	74,487	102,649
Total non-current liabilities	78,952	127,109
Total liabilities	2,241,942	2,193,916
Net assets		
Shareholders' equity		
Share capital	30,000	30,000
Capital surplus	1,230,530	1,236,748
Retained earnings	5,012,823	5,078,640
Treasury shares	(1,279)	(120,547)
Total shareholders' equity	6,272,073	6,224,841
Accumulated other comprehensive income		
Foreign currency translation adjustment	328	583
Total accumulated other comprehensive income	328	583
Share acquisition rights	—	20,547
Total net assets	6,272,402	6,245,972
Total liabilities and net assets	8,514,344	8,439,888

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Net sales	7,271,258	7,402,022
Cost of sales	5,255,775	5,168,273
Gross profit	2,015,482	2,233,748
Selling, general and administrative expenses	1,483,725	1,601,213
Operating profit	531,757	632,535
Non-operating income		
Interest income	22	28
Rental income	570	570
Settlement received	3,762	—
Other	55	326
Total non-operating income	4,411	925
Non-operating expenses		
Interest expenses	483	270
Foreign exchange losses	—	1,555
Guarantee commission	547	166
Depreciation	375	375
Other	433	108
Total non-operating expenses	1,838	2,476
Ordinary profit	534,329	630,983
Extraordinary income		
Gain on sales of non-current assets	—	1,521
Surrender value of insurance policies	90,676	—
Total extraordinary income	90,676	1,521
Extraordinary losses		
Impairment loss	—	50,434
Loss on retirement of non-current assets	4,394	0
Other	—	17
Total extraordinary losses	4,394	50,452
Profit before income taxes	620,611	582,052
Income taxes - current	157,660	241,157
Income taxes - deferred	58,224	12,517
Total income taxes	215,885	253,674
Profit	404,725	328,378
Profit attributable to owners of parent	404,725	328,378

Other Consolidated statements of comprehensive income (cumulative)

	(Thousands of yen)	
	Six months ended September 30, 2020	Six months ended September 30, 2021
Profit	404,725	328,378
Other comprehensive income		
Foreign currency translation adjustment	208	255
Total other comprehensive income	208	255
Comprehensive income	404,933	328,633
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	404,933	328,633

Consolidated statements of cash flows

(Thousands of yen)

	Six months ended September 30, 2020	Six months ended September 30, 2021
Cash flows from operating activities		
Profit before income taxes	620,611	582,052
Depreciation	45,158	61,065
Impairment loss	—	50,434
Amortization of goodwill	—	9,334
Surrender value of insurance policies	(90,676)	—
Share-based remuneration expenses	—	20,547
Increase (decrease) in allowance for doubtful accounts	1	13
Increase (decrease) in provision for bonuses	(65,101)	5,255
Increase (decrease) in retirement benefit liability	—	875
Interest income	(22)	(28)
Interest expenses	483	270
Gain on sales of non-current assets	—	(1,521)
Loss on retirement of non-current assets	4,394	0
Decrease (increase) in trade receivables	665	(6,553)
Decrease (increase) in other current assets	21,241	(64,899)
Increase (decrease) in accounts payable - other	76,181	65,470
Increase (decrease) in other current liabilities	(89,206)	(342,333)
Other, net	(371)	1,498
Subtotal	523,358	381,483
Interest and dividends received	22	28
Interest paid	(482)	(271)
Income taxes paid	(335,685)	(178,656)
Net cash provided by (used in) operating activities	187,212	202,584
Cash flows from investing activities		
Purchase of property, plant and equipment	(119,233)	(222,006)
Purchase of intangible assets	(39,193)	(68,872)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(937,327)
Other, net	172,398	(137,718)
Net cash provided by (used in) investing activities	13,971	(1,365,925)
Cash flows from financing activities		
Repayments of long-term borrowings	—	(3,999)
Repayments of lease obligations	(13,629)	(10,510)
Redemption of bonds	(80,000)	(70,000)
Purchase of treasury shares	(208)	(119,287)
Proceeds from exercise of employee share options	755	3,105
Dividends paid	(188,388)	(262,172)
Net cash provided by (used in) financing activities	(281,471)	(462,865)
Effect of exchange rate change on cash and cash equivalents	208	255
Net increase (decrease) in cash and cash equivalents	(80,078)	(1,625,951)
Cash and cash equivalents at beginning of period	4,795,089	5,283,819
Cash and cash equivalents at end of period	4,715,011	3,657,868